

MINUTES OF THE  
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE  
MONDAY, FEBRUARY 7, 2005, 2:00 P.M.  
Room W020, West Office Building, State Capitol Complex

Members Present: Sen. Greg Bell, Co-Chair  
Rep. Kory M. Holdaway, Co-Chair  
Sen. Dan Eastman  
Sen. Carlene Walker  
Sen. Ron Allen  
Rep. Sheryl Allen  
Rep. David Clark  
Rep. Bradley Daw  
Rep. Margaret Dayton  
Rep. Susan Lawrence  
Rep. Scott L. Wyatt  
Rep. Patricia W. Jones  
Rep. Carol Spackman Moss  
Rep. LaWanna "Lou" Shurtliff

Members Excused: Sen. Peter Knudson

Members Absent: Rep. Gregory H. Hughes

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst  
Debra Headden, Legislative Fiscal Analyst  
Rolayne Day, Secretary

Public Speakers Present: Commissioner Richard Kendall  
Kevin Walthers, Assistant Commissioner

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Holdaway called the meeting to order at 2:11 p.m.

1. Committee Business

**MOTION:** Rep. Lawrence moved to approve minutes of the February 2, 2005, meeting.

The motion passed unanimously with Sens. Eastman and Walker and Reps. Allen and Wyatt absent for the vote.

2. Committee Budget Discussions—Analyst Boyd Garriott distributed a handout (attached) showing what the Subcommittee had voted upon so far for the USHE, UEN, and UCAT. Total funding available is \$24 million, \$12.4 in on-going and \$11.6 in one-time (as represented by the Analyst's recommendations). Sen. Allen said his motion at the last meeting to adopt the Regents' request in priority order was not meant to create problems for co-chairs, but was to show respect for higher education and to support their requests and priorities.

Rep. Shurtliff expressed concern that the Nursing Initiative hasn't gotten as much attention as the Engineering Initiative; she doesn't want to lose matching funds from the medical industry. Discussion and questions were heard from Sen. Bell, Reps. Holdaway and Dayton, and Mr. Garriott. Rep. Allen said Range Creek should be studied and protected, and \$50,000 is a little amount. Sen. Bell said he has prepared a presentation for the Executive Appropriations Committee to show the impacts of tuition increases, the skewed percentages of student funds to state funds, the rising student debt load, the increased length of time to get a degree and why this is happening, and that there is no fat in the system.

Commissioner Kendell restated the Regents' priorities of compensation, O&M, fuel and power, the initiatives in Engineering and Nursing, and the funding differential. There is an opportunity to help every institution as long as there is some money in each of those areas. The funding adjustment request and the 75/25 shared compensation funding proposal are way down the list. Rep. Holdaway said the 75/25 situation needs to be discussed thoroughly during the interim. Rep. Jones asked if there will be a second-tier tuition increase and programs cut if the 75/25 proposal is not adopted and funded. Commissioner Kendell replied that there will be tuition increases, and programs may be cut. If it isn't passed this year, it will be a Regent priority next year along with need-based financial aid.

**MOTION:** Rep. Wyatt moved to place the Utah Climate Center request between leases and the CEU economic development on page 2 of the handout.

Rep. Wyatt said the Center is funded with one-time money and if it isn't converted to on-going, it will go away. It should be recognized as a state program, not just a USU program. Sen. Walker said the move would bump the UEN network capacity and other funding that are equally applicable throughout the state.

**SUBSTITUTE MOTION:** Rep. Lawrence moved to put the Climate Center between equipment purchases and the software licensing upgrades on the one-time list.

Rep. Wyatt spoke against funding the Climate Center with one-time funding.

The motion passed with Sens. Bell, Eastman, and Walker, and Reps. Holdaway, Allen, Clark, Daw, Lawrence, Jones, Moss, and Shurtliff voting aye, and Sen. Allen and Reps. Dayton and Wyatt voting nay.

**MOTION:** Rep. Allen moved to move range Creek up to between growth and the Engineering initiative in on-going money.

The motion passed with Sens. Eastman, Walker, and Allen, and Reps. Allen, Daw, Dayton, Lawrence, Wyatt, Jones, and Shurtliff voting aye, and Sen. Bell and Reps. Clark and Moss voting nay.

Rep. Clark said there are a lot of mandates that consume a big portion of the budget, and there is no more money that will become available. He said that if institutions want a new program that is vital, they need to reallocate the base budget.

**MOTION:** Sen. Allen moved to adopt the reordered list on the handout.

Analyst Debra Headden reminded the Subcommittee that DFCM still needs to work out how O&M will be paid by the separate agencies housed in SLCC's Miller Building #6 (about \$65,000). Rep. Clark said that if the motion passed, O&M will move with the agencies and leave the old buildings without O&M funding.

The motion passed with Sens. Bell and Allen and Reps. Holdaway, Allen, Daw, Wyatt, Jones, Moss, and Shurtliff voting aye, Sen. Walker and Reps. Clark, Dayton, and Lawrence voting nay, and Sen. Eastman absent for the vote.

Rep. Clark explained his concerns about the previous motion.

**MOTION:** Having voted on the prevailing side, Sen. Allen moved to reconsider the previous action.

The motion passed unanimously with Sen. Eastman absent for the vote.

**MOTION:** Rep. Clark moved to adopt the reordered list on the handout but with O&M at \$4,703,900, retaining the 2005 O&M funding, and reducing the 2006 funding by \$44,300.

Discussion and questions to the motion were heard from Reps. Lawrence, Holdaway, and Daw.

The motion passed unanimously with Sen. Eastman absent for the vote.

Assistant Commissioner Kevin Walthers distributed and discussed a handout detailing the USHE FY 2006 fleet expansion request.

**MOTION:** Rep. Daw moved to approve additional vehicles for USHE as identified on the handout.

The motion passed unanimously with Sen. Eastman absent for the vote.

Ms. Headden discussed intent language found in Tab 3, Issue Brief 20 of the Budget Book. Leadership has said that some intent language is appropriate, but if it has been on-going for several years, it should be put in statute. The Subcommittee needs to make those decisions. Ms. Headden discussed what language needs to be put into code and what does not.

**MOTION:** Rep. Shurtliff moved to adopt the following intent language: *It is the intent of the Legislature that to the extent allowed by law, Utah State University may include in its annual fuel and power budget request the payments to be made under an Energy Savings Agreement entered into under the authority of Section 63-9-67 for a Cogeneration and Central Chilled Water Plant.*

The motion passed unanimously with Sen. Eastman and Rep. Allen absent for the vote.

Sen. Bell asked how the Subcommittee's actions will affect first-tier tuition. Commissioner Kendell said a 2.5 percent compensation increase will be split under the existing formula; the average will be 3.5 percent based on the present configuration at each institution. Sen. Bell said the Subcommittee would be pretty stressed if first tier tuition went higher than 3.5 percent. Commissioner Kendell said first-tier tuition will be nothing but compensation, and every institution has indicated that they will keep second-tier tuition as modest as possible.

Sen. Allen said the Utah Museum of Fine Arts needs funding to move \$140 million in art because where it is now stored is leaking. They originally thought the money would come from another source, but that didn't come through. Sen. Allen has been assured that funding has been located, but the Higher Education Subcommittee must okay the funding as a supplemental. He indicated that this would not affect other items on higher education's requests, it is entirely outside of that budget.

**MOTION:** Sen. Allen moved that the Higher Education Appropriations Subcommittee approve a \$500,000 supplemental to move the stored art collection for the new Museum of Fine Arts, providing the money is found.

Discussion and questions to the motion were heard from Reps. Clark and Allen, Sen. Walker and Mr. Garriott.

The motion passed unanimously with Sen. Eastman absent for the vote.

Rep. Holdaway thanked subcommittee members for their hard work. Rep. Jones thanked the co-chairs for being fair and judicial.

**MOTION:** Rep. Daw moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 3:30 p.m.

Minutes were reported by Rolayne Day, Secretary.

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Sen. Greg Bell, Committee Co-Chair

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Rep. Kory M. Holdaway, Committee Co-Chair

**Higher Education Appropriation Subcommittee**  
**FY 2006 Budget Recommendation**

Priority			Requested Amount	Committee Recommends Ongoing	Committee Recommends 1-time	Cumulative Ongoing	Cumulative 1-time
		Compensation Increase @ 2.5%	TBD				
USHE	1.0	Retention of Faculty & Staff	3,750,000	3,000,000		3,000,000	0
UEN	1.0	Retention of Staff	120,000	120,000		3,120,000	0
UCAT	1.0	Retention of Faculty & Staff	480,000	450,000		3,570,000	0
USHE	2.0	FY 2005 New Facilities O&M	2,419,100	2,419,100		5,989,100	0
USHE	2.0	FY 2006 New Facilities O&M	2,325,100	2,284,800		8,273,900	0
USHE	2.0	Fuel & Power	15,640,500	5,000,000		13,273,900	0
UEN	2.0	Technical Support (Ongoing)	540,000	540,000		13,813,900	0
UCAT	2.0	Leases	758,300	758,300		14,572,200	0
USHE	3.0	CEU Economic Development		225,000		14,797,200	0
UEN	3.0	Network Capacity & Reliability (Ongoing)	800,000	800,000		15,597,200	0
UCAT	3.0	Growth at 781,933 Hours	3,826,200	1,000,000		16,597,200	0
USHE	3.5	Range Creek		50,000		16,647,200	0
USHE	4.0	Engineering Initiative (Ongoing)	1,500,000	1,500,000		18,147,200	0
USHE	4.0	Nursing Initiative (Ongoing)	2,000,000	1,000,000		19,147,200	0
UCAT	4.0	Nursing - Bridgerland	222,500	50,000		19,197,200	0
UCAT	4.0	Nursing - Davis	235,100	50,000		19,247,200	0
UCAT	4.0	Nursing - Mountainland	238,300	50,000		19,297,200	0
UCAT	4.0	Nursing - Ogden-Weber	456,000	50,000		19,347,200	0
USHE	5.0	State Grants (UCOPE) (Ongoing)	1,500,000	1,500,000		20,847,200	0
USHE	5.0	New Century Scholarships	530,000	530,000		21,377,200	0
UCAT	6.0	Student Information Support (Ongoing)	482,500	482,500		21,859,700	0
UCAT	6.0	Administrative Office Support	410,000	410,000		22,269,700	0
UEN	7.0	Learning Management System (Ongoing)	500,000	500,000		22,769,700	0
UCAT	8.0	Accreditation	75,000	75,000		22,844,700	0
UCAT	9.0	Library	75,000	75,000		22,919,700	0
USHE	10.0	Fuel & Power		10,640,500		33,560,200	0
USHE	10.0	Institution Funding Adjustment	5,000,000	5,000,000		38,560,200	0
UCAT	10.0	ADA Accommodations	237,900	237,900		38,798,100	0
USHE	14.0	75-25 Tuition Ratio	3,343,600	3,343,600		42,141,700	0
UCAT	14.0	Operation & Maintenance	310,100	310,100		42,451,800	0
USHE	15.0	WSU for HAFB		355,000		42,806,800	0
USHE	15.0	WSU Business Start-up Center		272,000		43,078,800	0
UCAT	15.0	Fuel & Power	143,400	143,400		43,222,200	0
UCAT	17.0	Southeast	260,000	260,000		43,482,200	0
UCAT	17.0	Southwest	129,800	129,800		43,612,000	0
UCAT	17.0	Dixie	224,000	224,000		43,836,000	0
UCAT	17.0	Uintah Basin	83,400	83,400		43,919,400	0
USHE	18.0	Engineering Loan Fund		50,000		43,969,400	0
USHE	4.0	Engineering Initiative (1-TIME)	1,000,000	0	1,000,000	43,969,400	1,000,000
USHE	4.0	Nursing Initiative (1-time)	500,000	0	500,000	43,969,400	1,500,000
USHE	5.0	Federal Match (1-time)	265,000		265,000	43,969,400	1,765,000
USHE	5.0	State Grants (UCOPE) (1-TIME)	500,000	0	1,109,000	43,969,400	2,874,000
UEN	5.0	Internet Based Video Conferencing (1-time)	800,000	0	800,000	43,969,400	3,674,000
UCAT	5.0	Student Information Support (1-time)	108,000	0	108,000	43,969,400	3,782,000
UEN	6.0	Network Capacity & Reliability (1-time)	5,000,000	0	2,500,000	43,969,400	6,282,000
UEN	6.0	Network Equipment Upgrades (1-time)	260,000	0	260,000	43,969,400	6,542,000
UCAT	6.0	Custom Fit	500,000		500,000	43,969,400	7,042,000
UEN	8.0	Learning Management System (1-time)	1,830,000	0	1,830,000	43,969,400	8,872,000
USHE	11.0	Library (1-time)	500,000	0	500,000	43,969,400	9,372,000
UCAT	11.0	Equipment Purchases (1-time)	1,000,000	0	1,000,000	43,969,400	10,372,000
USHE	11.5	USU Climate Center (1-time)			180,000	43,969,400	10,552,000
USHE	12.0	Software Licensing Upgrades (1-tiime)	1,000,000	0	1,000,000	43,969,400	11,552,000
USHE	13.0	ADA Accommodations	600,000		600,000	43,969,400	12,152,000
USHE	14.0	T.H. Bell	450,000		450,000	43,969,400	12,602,000
Total			59,178,800	40,969,400	12,602,000	43,969,400	12,602,000
FY 2005Supplemental							
USHE	1.0	Fuel & Power	12,951,600	0	0	0	0
UCAT	1.0	Leases	489,300	0	0	0	0
USHE	2.0	New Century Scholarship	253,600	0	0	0	0
			72,873,300	65,651,600	65,651,600	43,969,400	12,602,000

## Plan of Financing

## General Funds

Mineral Lease Account

\* Excludes tuition rate adjustments

## Higher Education Appropriation Subcommittee

## FY 2006 Budget Recommendation

## Proposed Changes

Priority			Requested Amount	Committee Recommends	Committee Recommends	Cumulative Ongoing	Cumulative 1-time
				Ongoing	1-time		
			Compensation Increase @ 2.5%	TBD			
1	USHE	1	Retention of Faculty & Staff	3,750,000	3,000,000	3,000,000	0
1	UEN	1	Retention of Staff	120,000	120,000	3,120,000	0
1	UCAT	1	Retention of Faculty & Staff	480,000	450,000	3,570,000	0
1	USHE	2	FY 2005 New Facilities O&M	2,419,100	2,419,100	5,989,100	0
1	USHE	2	FY 2006 New Facilities O&M	2,325,100	2,325,100	8,314,200	0
1	USHE	2	Fuel & Power	15,640,500	5,000,000	13,314,200	0
1	UEN	2	Technical Support (Ongoing)	540,000	540,000	13,854,200	0
1	UCAT	2	Leases	758,300	758,300	14,612,500	0
1	USHE	3	CEU Economic Development		225,000	14,837,500	0
1	UEN	3	Network Capacity & Reliability (Ongoing)	800,000	800,000	15,637,500	0
1	UCAT	3	Growth at 781,933 Hours	3,826,200	1,000,000	16,637,500	0
1	USHE	4	Engineering Initiative (Ongoing)	1,500,000	1,500,000	18,137,500	0
1	USHE	4	Nursing Initiative (Ongoing)	2,000,000	1,000,000	19,137,500	0
2	USHE	4	Engineering Initiative (1-TIME)	1,000,000	0	1,000,000	1,000,000
2	USHE	4	Nursing Initiative (1-time)	500,000	0	500,000	1,500,000
1	UCAT	4	Nursing - Bridgerland	222,500	50,000	19,187,500	1,500,000
1	UCAT	4	Nursing - Davis	235,100	50,000	19,237,500	1,500,000
1	UCAT	4	Nursing - Mountainland	238,300	50,000	19,287,500	1,500,000
1	UCAT	4	Nursing - Ogden-Weber	456,000	50,000	19,337,500	1,500,000
1	USHE	5	State Grants (UCOPE) (Ongoing)	1,500,000	1,500,000	20,837,500	1,500,000
2	USHE	5	Federal Match (1-time)	265,000		265,000	1,765,000
1	USHE	5	New Century Scholarships	530,000	530,000	21,367,500	1,765,000
2	USHE	5	State Grants (UCOPE) (1-TIME)	500,000		1,109,000	2,874,000
2	UEN	5	Internet Based Video Conferencing (1-time)	800,000		800,000	3,674,000
2	UCAT	5	Student Information Support (1-time)	108,000	0	482,500	4,156,500
1	USHE	6	USU Climate Center Ongoing Funding		180,000	21,547,500	4,156,500
2	UEN	6	Network Capacity & Reliability (1-time)	5,000,000		2,500,000	6,656,500
2	UEN	6	Network Equipment Upgrades (1-time)	260,000		260,000	6,916,500
1	UCAT	6	Student Information Support (Ongoing)	482,500	482,500	22,030,000	6,916,500
1	UCAT	6	Administrative Office Support	410,000	410,000	22,440,000	6,916,500
2	UCAT	6	Custom Fit	500,000		500,000	7,416,500
1	UEN	7	Learning Management System (Ongoing)	500,000	500,000	22,940,000	7,416,500
1	USHE	8	Technology Delivered Courses	1,500,000	1,500,000	24,440,000	7,416,500
2	UEN	8	Learning Management System (1-time)	1,830,000		1,830,000	9,246,500
1	UCAT	8	Accreditation	75,000	75,000	24,515,000	9,246,500
1	UCAT	9	Library	75,000	75,000	24,590,000	9,246,500
1	USHE	10	Fuel & Power	0	10,640,500	35,230,500	9,246,500
1	USHE	10	Institution Funding Adjustment	5,000,000	5,000,000	40,230,500	9,246,500
1	UCAT	10	ADA Accommodations	237,900	237,900	40,468,400	9,246,500
2	USHE	11	Library (1-time)	500,000		500,000	9,746,500
2	UCAT	11	Equipment Purchases (1-time)	1,000,000		1,000,000	10,746,500
2	USHE	12	Software Licensing Upgrades (1-time)	1,000,000		1,000,000	11,746,500
2	USHE	13	ADA Accommodations	600,000		600,000	12,346,500
1	USHE	14	75-25 Tuition Ratio	3,343,600	3,343,600	43,812,000	12,346,500
2	USHE	14	T.H. Bell	450,000		450,000	12,796,500
1	UCAT	14	Operation & Maintenance	310,100	310,100	44,122,100	12,796,500
1	USHE	15	Range Creek		50,000	44,172,100	12,796,500
1	USHE	15	WSU for HAFB		355,000	44,527,100	12,796,500
1	USHE	15	WSU Business Start-up Center		272,000	44,799,100	12,796,500
1	UCAT	15	Fuel & Power	143,400	143,400	44,942,500	12,796,500
1	UCAT	17	Southeast	260,000	260,000	45,202,500	12,796,500

Priority				Requested Amount	Committee Recommends	Committee Recommends	Cumulative Ongoing	Cumulative 1-time
					Ongoing	1-time		
1	UCAT	17	Southwest	129,800	129,800		45,332,300	12,796,500
1	UCAT	17	Dixie	224,000	224,000		45,556,300	12,796,500
1	UCAT	17	Uintah Basin	83,400	83,400		45,639,700	12,796,500
1	USHE	18	Engineering Loan Fund		50,000		45,689,700	12,796,500
Total				64,428,800	45,689,700	12,796,500	45,689,700	12,796,500
FY 2005Supplemental								
USHE	1	Fuel & Power		12,951,600	0	12,951,600	0	12,951,600
UCAT	1	Leases		489,300	0	489,300	0	13,440,900
USHE	2	New Century Scholarship		253,600	0	253,600	0	13,694,500
				78,123,300	65,651,600	65,651,600	45,689,700	26,491,000

#### Plan of Financing

General Funds 78,123,300

Mineral Lease Account 0

\* Excludes tuition rate adjustments